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Cooperation framework for Panama (2002-2006)

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Introduction

I. Situation analysis

1. The indicators for Panama are higher than those of most developing countries, but its poverty levels are higher than those of countries of like income. In 1997, the richest 20 per cent of the population accounted for 63 per cent of the national income, while the poorest 20 per cent accounted for only 1.5 per cent.[1] With a Gini coefficient of 0.58 per cent, Panama is one of the countries with the worst income distribution in the world.[2] The prevailing imbalance is due to an economic and social model focused on international services which have not managed to provide employment or income for most of the population. Modern services generate 38 per cent of the gross domestic product (GDP) but employ barely 13 per cent of the population; agriculture and industry are the main sources of employment (30 per cent) but these contribute only 15 per cent to the GDP. This gap promotes deep social and territorial inequality: 40 per cent of the Panamanian population is poor and the majority live in rural areas. The worst living conditions are experienced by the indigenous people (95 per cent are poor). To bridge this gap would require, among other measures, major tax reform, greater levels of public spending clearly earmarked for the poorest sectors of the society and incentives and guarantees for increased productivity and better wages for workers in the areas which are lagging behind.[3] Violence claims the lives of 56 persons for each 100,000 inhabitants and maternal mortality is extraordinarily high (85 for each 100,000 live births between 1990-1998). There are great disparities in education: the richest 20 per cent complete over 11 years of education; the urban poor, only 7 years; the rural poor, 5, and the indigenous population, 3 years. Health care is inadequate in rural and indigenous areas and 20 per cent of the population has no access to health care. The incidence of HIV/AIDS doubled in only five years. In cities, 1 child in every 15 is undernourished; in rural areas, 1 in every 4, and among the indigenous population, 1 in 2. While the water supply in the cities is quite adequate, almost one third of the rural poor and over half of the indigenous people lack water. The environment is being contaminated by high levels of air, soil and water pollution due to the unsatisfactory system of eliminating solid waste, poor management of toxic substances used in agriculture, and the loss of biological diversity and deforestation, which affects 60 per cent of the Canal Basin. The poorest members of society are even more vulnerable to natural disasters. However, in the past 10 years, Panama has made rapid advances in the development of its democratic institutions and today it is at a decisive turning point in building its national identity, achieving social integration, defining the character of its economy and the structure of the State and how and to what extent it should become part of the international community.

II. Results and lessons of past cooperation

2. According to the recent programme assessment[4] cooperation provided by UNDP over the last decade has been effective, had great impact on the country, and is much appreciated by the Government, non-governmental organizations and other social agents. The following are the most outstanding achievements: (a) UNDP assisted in the development of a culture of dialogue on key issues of national interest, unprecedented in Latin America, which made a decisive contribution to building democracy in Panama. One of the greatest challenges will be to sustain dialogue, build consensus, develop a national vision on strategic issues and comply with international conventions; (b) The participatory elaboration of the National Human Development Report has led to a common concept of human development in Panama and of the priorities to be adopted for improving it. In future, it would be good for the report to recommend as a strategy a human development citizens watch based on a system for making some key indicators available to the public; (c) Cooperation in the fight against poverty has contributed greatly to enhancing national reconciliation, establishing priorities for government policies and paying more attention to the situation in indigenous communities; (d) UNDP cooperation has had significant effects on the modernization of the branches of the Government and the rebuilding of public institutions. However, the Public Policy Unit, which has been very effective should be strengthened, as should the administration of justice, social services and financial and fiscal management. Moreover, consensus-building proposals should be developed to give greater impetus to decentralizations; (e) UNDP cooperation has contributed to a great extent to the establishment of increased institutional capacity and awareness with respect to environmental sustainability, which is the objective of ongoing Government/community projects, and to the

application of non-polluting technologies. Special emphasis should be placed on the pilot experience gained from the joint management of protected areas and sustainable development in the Darién forest and on the use of Global Environment Facility (GEF) methodology in environmental protection and local development projects as well as the strengthening of a national programme on climate change and greater cooperation in disaster prevention and preparedness; (f) UNDP has developed a close association with the Government and other development entities and has provided a continuous flow of resources which has helped to formulate policy and to ensure the efficient and transparent management of public spending.

III. Proposed programme

3. The programme covering the period 2002-2006 provides continuity of the previous programme, which had proved effective, and proposes new areas for action based on the new UNDP objectives and the United Nations Development Assistance Framework (UNDAF).[5] It is hoped that at the end of the five-year period the country will have advanced substantially in the universal enjoyment of human rights and the elimination of all forms of exclusion, that it will have achieved dynamic social and economic growth accompanied by improved welfare, equity and sustainability in accordance with the Millennium Development Goals. The general objective of the 2002-2006 programme is to promote and support national action designed to advance sustainable human development and eradicate poverty and inequality. Cooperation will encompass three interrelated focus areas: (a) elimination of social exclusion and poverty; (b) democratic governance and modernization of the State; and (c) environmental protection and sustainability. Focus areas will include four cross-cutting themes: gender, HIV/AIDS, information and communication technologies (ITC) for development and alliances with the private sector. These are national programme objectives and they can only be achieved through compromise and commitment on the part of the Government and Panamanian civil society. The success of UNDP cooperation will be reflected in the achievement of national objectives and improvement in the main development indicators.

A. Support for the elimination of social exclusion and poverty

4. The following results are anticipated: the adoption of national targets aimed at a gradual reduction in social exclusion and poverty through an integrated approach and systematic strategy for greater efficiency in social spending. The effect will be to reduce the number of poor families by 2 percentage points annually, provide universal access to basic social services in the short term and improve income distribution. UNDP is expected to support: (a) improvement in management tools and public investment in the social sectors; (b) greater efficiency in public spending; (c) the production, processing and dissemination of information on social issues, human development and progress towards the Millennium Development Goals; (d) activation of organization programmes and programmes of technical assistance, marketing and credit for small rural producers, with special attention to environmentally sound technologies and support for indigenous and women's groups; (e) the development of local capacity and the promotion of community organizations based on their priority needs and mobilization of resources to fulfil those needs; (f) the implementation of pilot projects in the Darién region, which can be replicated in other provinces; and (g) access for the poor to land use and tenure and the creation of appropriate infrastructures to that end.

B. Support for governance and modernization of the State

5. The expected results are growing incorporation of the sustainable development approach into public, private and community management; generation of a consensus on the country's major strategic goals; modernization and accountability in key branches of government (the Legislature, the Judiciary and the Executive) and also in the fiscal and financial management system and in the private sector; mobilization of the private sector's efforts to promote human resource development, and the incorporation of new information and communication technologies in the public sector. These advances will make it possible for the country to consolidate democracy, stimulate citizen participation and increase the efficiency and transparency of government management. UNDP cooperation will include (a) promotion of a national dialogue on strategic issues; (b) joint preparation and

general dissemination of the national human development reports; (c) modernization of the Legislature and regulation of its procedures; (d) support for modernization of the Judiciary by designing and implementing a national strategy; (e) modernization of the Executive, by monitoring and improving fiscal and financial management, developing electronic management tools, introducing new information and communication technologies, and supporting decentralization; and (f) linking the private sector to the Global Compact and incorporating social responsibility into its practices.

C. Support for the protection and sustainable development of the environment

6. The expected results are enhanced national planning capacity; execution and enforcement of environmental policies, strategies and programmes; reinforcement of the ability of the Government, the private sector and the communities to develop environmental resources; development of sustainable energy sources and the use of non-polluting technologies, with special attention to ensure that the poorest communities benefit, and introduction of a multisectoral and community-based system for disaster prevention. Based on the foregoing, the country could substantially reduce its carbon-dioxide emissions, decrease air, soil and water pollution, increase energy efficiency, better conserve its protected zones and mitigate the losses resulting from natural disasters. The UNDP will support: (a) implementation of the National Environment Strategy; (b) implementation of the environmental education act; (c) design and consensus-building on the Darién regional strategy; (d) the participatory development of the Darién National Park; (e) income-generating projects for the sustainable development of the environment in poor rural communities, providing adequate credit facilities and training; (f) policies and programmes on non-polluting energy technologies and sources of renewable energy; (g) the second inventory of greenhouse gases; and (h) design and execution of the national strategy for risk prevention and disaster relief. Within this programme framework, UNDP will use the following strategies: (a) encouragement of dialogue and consensus-building on major national issues and the commitments that have to be made, with input from all sectors of society; (b) an alliance with the Government and other social agents to achieve institutional modernization, policy formulation, programme execution and resource mobilization; (c) joint execution of pilot projects that can be replicated throughout the country; (d) public monitoring of human rights and human development indicators; (e) integration with other agencies of the United Nations system and the multilateral financing agencies, under the umbrella of the United Nations Development Assistance Framework (UNDAF) and the Resident Coordinator system; (f) creation of a network to integrate goals, resources and follow-up with the other international cooperation organizations with offices in Panama; and (g) interaction and coordination with the principal elements of civil society (trade associations, unions, indigenous and religious organizations, etc.) and their coordination bodies. The annex contains a summary of the results and the anticipated effects of UNDP cooperation, in relation to UNDAF, UNDP strategies and the Millennium Development Goals.

IV. Management, supervision and evaluation of the programme

7. The UNDP will maintain its organizational structure around the three focus areas, but reinforce it in order to enhance efficiency and results-based management. It will strengthen policies aimed at serving the customer, rapid response, flexibility, objectivity and quality in all technical assistance and support activities. UNDP will continue to develop new and more efficient internal management and support mechanisms for its development partners, providing the services of national and international experts to support national development policies, institution-building in the public sector, and technical and logistic encouragement of the national dialogue and consultation processes. All UNDP cooperation activities will try to achieve direct, measurable effects on the safety and living conditions of the poorest and most excluded, while seeking maximum coordination between the United Nations agencies working in Panama with similar objectives. To this end, UNDP will provide human and financial support to joint projects, take part in the inter-agency thematic groups and be accountable for its actions to the United Nations Coordination Group. UNDP will sponsor the establishment of a monitoring mechanism to assess progress towards the agreed goals, which will be published. UNDP will conduct quarterly evaluations of progress towards the strategic goals established in the UNDAF in tandem with the other agencies of the

United Nations system. Quarterly evaluations will be made with the participation of the Government, community and non-governmental organizations and bilateral cooperation organizations in accordance with an evaluation plan to be drawn up shortly. In 2004, midway through the programme cycle, an independent evaluation will be made to identify strengths and weaknesses, examine the progress made and introduce corrective measures.

Notes

[1] World Bank: "Panama Poverty Assessment: Priorities and Strategies for Poverty Reduction", Washington, D.C.,1999.

[2] Republic of Panama, Ministry of the Economy and Finance: "Nuevo Enfoque Estratégico frente a la Pobreza, 1998-2003", Panama, 1999 (2nd edition).

[3] United Nations: "Common Country Assessment", Panama, 2000.

[4] UNDP: "Evaluación del Programa de Cooperacion entre la República de Panamá y el PNUD, 1997-2001. Informe final de la misión de evaluación", Panama, June 2001.

[5] United Nations, Government of Panama: "Rights and Human Development — United Nations Framework of Cooperation for Development in Panama, 2002-2006", Panama, 2002. This document is in its final stages of preparation.

Annex

Table of results and resources

Strategic area supported	*Expected results*	*Indicator of achievement*	*Effects*	*Resources (indicative figures) (In US dollars)*
Objective 1: Support for the elimination of exclusion and poverty				
Formulation and implementation of macropolicies and strategies to reduce poverty.	Integrated approach to overcome poverty and low incomes; reduction goals in line with the Millennium Development Goals.	Greater efficiency in social spending. Adoption of national goals for reducing poverty and low incomes, disaggregated by gender.	Better tools for focusing public spending and ensuring its effectiveness. Increased national capacity to generate and monitor sustainable human development (SHD).	129 161 997
Access to producer goods and resources.	Increased ability of the poor to satisfy their own needs; better infrastructure and increased access to land.	Number of social investment projects formulated, promoted and managed by local communities.	Integrated land registry information system. New road infrastructure and second bridge over the Panama Canal. Greater access of indigenous people to microcredit.	101 920 449
Objective 2: Support for governance and modernization of the State				
Public knowledge and discussion of sustainable human development (SHD).	Increased use of SHD concepts in policy formulation and application.	SHD goals and concepts reflected in Government policies and statements.	Completion of the national human development reports. Support for consultation on and dissemination of the reports.	1 112 620
	Increased public discussion of State-related issues.	Increased participation of civil society in dialogue processes.	National dialogue on social welfare. Dialogue on reform of the educational system.	478 745

Strategic area supported	*Expected results*	*Indicator of achievement*	*Effects*	*Resources (indicative figures) (In US dollars)*
Institutional capacity: structures, systems and parliamentary processes.	Increase in the effectiveness of Parliament and its legislative and supervisory functions.	Accountability mechanisms (such as a public accounting committee).	Structural changes in the Legislative Assembly. Measurement of public perception of its work by surveys.	1 198 138
Administration of justice and access to justice.	Increase in access to judicial resources.	Relationship between the number of public defenders and the number of pending cases.	Completion of a project document on the design of a national justice strategy.	To be decided.
Use of globalization to improve the poverty situation.	Accelerated progress towards electronic governance.	Development of electronic services in public administration.	Approval of a plan and programme on the use of electronic methods in public administration.	219 000
	Increase in the dialogue on SHD and poverty reduction.	UNDP projects with private-sector participation.	Alliances with the private sector: Global Pact. Social responsibility and good business practices.	41 386
Efficiency and responsibility in public services.	Improvement in efficiency and equality in the delivery of public services.	Proportion of the State's recurring expenses devoted to salaries.	Integrated financial management system in operation. Legal framework for the expansion of telecommunication services adopted.	56 193 105
Efficiency in the administration of public sector finances.	Enhanced capacity to administer public finances.	Better access to national development plans and to the national budget.	Establishment and operation of an integrated system for administering the State's financial resources. National financial system strengthened.	18 521 189

Strategic area supported	*Expected results*	*Indicator of achievement*	*Effects*	*Resources (indicative figures) (In US dollars)*
Institutional framework for the sustainable development of the environment and of energy sources.	Enhanced capacity to formulate and implement environmental development and development policies.	Creation of a central coordinating entity for the implementation of the national sustainable development strategy.	Environmental education law fully in force. Design and application of the microcredit strategy.	851 046
	Increased development of environmental resources and sustainable energy sources.	Technical and on the ground coordination of the natural resources development programme and projects in the Darién.	Design and approval of the Darién Regional Strategy. Design of a project for risk prevention, and disaster assistance and relief.	9 788 236
				Total **319 485 884***

* This amount corresponds to resources that have already been approved for the period 2002-2006, for projects still under way, that were started during the previous cycle (1997-2001). The UNDP Office in Panama considers that during the 2002-2006 cycle, the total cost of the programme could amount to approximately 650 million dollars. This estimated amount is subject to negotiations with the current Government and with the new Cabinet which will take office in 2004.